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STATE FOR EUR/WE AND EEB/ESC/TFS, NSC FOR E.FARR, TREASURY
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TAGS: EFIN PTER KTFN SP
SUBJECT: ADDITIONAL TERRORISM FINANCE CHARGE AGAINST
BARAKAT YARKAS AND COLLEAGUES

REF: MADRID 294

Classified By: Charge d'Affaires Hugo Llorens, for Reason 1.4(d)

¶1. (C) Summary: Judge of Instruction Ismail Moreno has filed charges against jailed Al Qaeda leader Imad Eddin Barakat Yarkas, alias Abu Dahdah, for efforts to continue financing jihadist groups from his jail cell, according to an April 28 report in El País, Spain's leading daily. The charges were based on information gathered by Spain's financial intelligence unit, SEPBLAC. A Foreign Ministry contact told Econoff that the ministry was seeking more information from the Ministry of Interior on the subject. Embassy will follow up with GOS officials to seek more information and, assuming the story is true, register our concern. End Summary.

Who is Barakat Yarkas?

¶2. (C) Barakat Yarkas was one of the most important Al Qaeda leaders in Spain. In 2001, he was sentenced to 12 years in prison on terrorism finance charges related to the September 11 attacks. The newspaper article points out that he was filmed and wiretapped in jail. Yarkas is a Spanish national of Syrian origin and is 45 years old. Before his arrest, he had traveled frequently. He reportedly once stayed in London with the radical Palestinian cleric Abu Qutada, who is considered one of the "intellectual references" for the 9/11 conspirators. USG officials have pressed the GOS without success to designate Barakat Yarkas, i.e., freeze his assets.

Associates

¶3. (U) According to the article, Judge of Instruction Moreno alleges that Barakat Yarkas and fellow Syrian-Spaniards Mohamed Ghaleb Kaklaje and Bassam Dalati formed a group that in 2006 and 2007 conducted economic transactions with the aim of financing jihadist terrorist cells. In 2001, Kalaje was sentenced to nine years in prison on terrorism finance charges. Among other activities, he reportedly sent money from Saudi Arabia to a terrorist group plotting to assassinate the President of Yemen. Dalati spent almost four years in jail on preventative detention but was acquitted of criminal charges. Dalati and Kalaje ran a real estate construction company before their 2001 arrests and had built 12 apartments at the time of their arrests. After Dalati's release, he became the legal administrator for the company, which is called "Proyectos y Promociones Paradise." Kalaje also provided power of attorney to his wife Hazar. Hazar opened bank accounts and transferred her husband's money to those accounts. Dalati sold the company's assets (essentially the 12 apartments). In 2006, Dalati, after having been instructed by Kalaje, authorized 33 bank checks for a total of 2.4 million euros and then cashed those checks

at banks. It is not clear from the article where that money went.

Barakat Yarkas Gets Two Checks

¶4. (SBU) The article reports that on December 13, 2006, two checks were cashed for Barakat Yarkas, one for 48,000 euros and one for 3,080 euros. El Pais quotes Judge of Instruction Moreno as alleging that these funds have been used "in part for the financing of cells with a terrorist character." The article does not provide information as to what terrorist groups received the money.

Discovery

¶5. (SBU) The article reports that Spain's financial intelligence unit SEPBLAC discovered these suspicious payments. The article does not say what specifically triggered SEPBLAC's investigation, but it seems to imply that Hazar's bank accounts prompted SEPBLAC's interest.

Legal Action

¶6. (SBU) Judge of Instruction Moreno has filed charges accusing Barakat Yarkas, Mohamed Ghaleb Kalaje, and Bassam Dalati of conducting financial transactions with the object of financing terrorist groups during 2006 and 2007. The article does not say the men actually succeeded in financing terrorists.

Comment

¶7. (C) The article prompts several questions. Did money get to terrorists, and if so, to which ones? How could Barakat Yarkas and Ghaleb Kalaje, both in jail, conduct financial

transactions through Dalati and Kalaje's wife? Would a designation, i.e., an asset freeze, have prevented these individuals from conducting financial transactions? Having experienced four decades of ETA (Basque) terrorism and the deaths of 191 Spaniards in the March 11, 2004 Atocha bombings, Spain is totally committed to the fight against terrorism and has the penal and judicial tools to be effective. Spain also takes pride in conducting the fight against terrorists according to strict legal rules. For example, the trial of the March 11 conspirators showed the GOS' ability to investigate, arrest, prosecute, and convict terrorists in a transparent manner within the rule of law. There are more people who have been arrested, prosecuted, convicted, and are serving terrorism-related sentences in Spain than in any other EU country.

¶8. (C) However, if the press article is accurate, there may have been some serious flaws in this instance. While SEPBLAC deserves credit for having uncovered the transactions, its actions were reactive and not preventative. Was Dalati, after having spent almost four years in jail, able to liquidate the company's assets without strict monitoring, or was the GOS aware of his actions? A working-level MFA contact told Econoff that his ministry was seeking information from the Interior Ministry. He added that an asset freeze on Barakat Yarkas would not have made a difference, but he did not explain his reasoning. Post will follow up with our counterparts to determine what happened and why.

Llorens